

FY 2008-09 AGENCY ACTIVITY INVENTORY

The Office of State Budget, in conjunction with the Governor's Office, is updating the Agency Activity Inventory to assist in development of the Governor's Executive Budget for FY 2009-10. In order to accomplish this initiative, each agency will be required to update its Activity Inventory database submitted last year. The updated template for your agency's activity inventory database will be provided in a separate E-mail from your respective budget analyst.

The guidelines are basically the same as last year and provide you with a general background as to the type of information each agency is being asked to update and submit.

I. ACTIVITY DESCRIPTION

An activity is something an organization does to accomplish its goals and objectives. An activity consumes resources and produces a product, service or result. One way to define activities is to consider how agency employees describe their jobs to their families or friends. In other words, "What do you do? For whom do you do it? Why is it valuable?"

For the Activity Inventory, an agency's work should be broken down into its discrete functions or services. An activity description that requires several compound sentences or lists to accurately convey the work probably needs to be divided into several separate activities. You may be contacted concerning the need to disaggregate an activity into several activities and/or provide more information for existing activities. In addition, you will need to provide an explanation if any of last year's activities have no funding associated with them in FY 2008-09. The Governor's Office is expecting at least as much detail as last year in terms of the number of activities.

We are not looking for activities based on geographical or office location (Pee Dee Correctional Facility, Columbia Area Mental Health Center, etc.). Activities should be those functions that cut across geographical lines (e.g. Food Stamps, dental services, instruction, boating safety, etc.)

II. ACTIVITY ASSOCIATED INFORMATION

The Activity Inventory is a database that describes the activities of each agency. For each activity the inventory should include:

- **A brief description of the activity and its purpose.**
- **The expected results of the activity expressed as an outcome description.**
- **The outcome and/or output quantitative measure(s) most closely associated with the activity.** Please provide updated figures for each activity to the extent possible.
- **The agency program(s) as found in the Appropriation Act where the activity is funded.**
- **The budget for the activity by State, Federal, Other and Non-recurring funds for FY 2008-09.** A separate control sheet is attached to show the figures your agency must balance back to for the agency as a whole.
- **The number of FTEs associated with implementing the activity.** A separate control sheet is attached to show the figures your agency must balance back to for the agency as a whole.

In general, we are looking for descriptions that explain:

What is the activity?
What is its purpose?
What does the agency actually do?
Who receives the service?

These descriptions should also state whether the activity is required by state and/or federal law and should include the citation(s). Please avoid the use of jargon that is unique to your agency and acronyms. In the expected results section, describe the expected or desired results of performing the activity. Outcome measures are the impact of agency activities on problems/issues they are designed to address. Outputs – measures that describe the volume of work accomplished – are also acceptable, but less preferred than outcome

measures. If it is not possible to identify an appropriate outcome or output measure at this time, only provide a narrative description of the expected result.

OSB understands that agencies may not currently track financial and FTE information at the activity level in their current accounting or budgeting systems. In these cases, we ask agencies to estimate the dollars and FTEs allocated to each activity. The activity inventory should provide a reasonable estimate of the full costs of activities.

III. ADMINISTRATIVE COSTS

Administrative costs can be divided into two components: **Indirect Costs** and **Overhead Costs**. The following instructions describe how to treat these two types of costs in the activity inventory. We realize many of the cost terms used here mean different things in different organizations. Please use the definitions below to develop activity inventory estimates.

Indirect costs are administrative costs that are linked to two or more activities, are closely related to and tend to vary with activity level or size, but usually cannot be practically or economically direct-charged. These costs should be assigned to activities through cost allocation and included in the total cost of the activity in the activity inventory. Such costs usually include rent, utilities, supplies and materials, postage and travel. Fringe benefits associated with the personal service budgeted for each activity should be included.

Indirect costs should be assigned to activities on some generally accepted cost allocation basis. We encourage agencies that already use a cost allocation methodology for some accounting purpose to use that method to allocate indirect costs to activities. Other possible approaches to allocating indirect costs to activities include, but are not limited to:

Allocating by the number of FTEs in each activity.

Allocating by the total dollars budgeted for each activity.

Allocating by one or more bases that serve as good surrogates for the costs caused by each activity. For example: rent costs by the number of square feet.

Overhead costs may vary from agency to agency. However, some of the prime examples include salary and support costs for the agency director, core portions of the agency accounting, budgeting, human resources, and communications functions; and other shared administrative costs that are not closely related to activity levels.

Every agency has some core administrative functions and costs regardless of the number or size of its activities. These **overhead costs** usually support the entire organization, are not directly attributable to specific activities; they tend to be relatively fixed and not readily affected by fluctuations in activity levels. These costs should **not** be allocated to activities because they are not “caused” by the activity. Show these overhead costs separately in one “Administration” activity in the activity inventory for your agency as a whole. Additionally, we need to know how much of your agency administration is associated with each activity. Therefore, please indicate what percentage of your total administration costs should be associated with each activity.

OSB is not concerned that each agency classifies the same type of cost in the same way. We mostly want to ensure that the activity costs include those administrative costs that are critical to support the activity and to ensure the activity result can be achieved. If an agency has only a few employees and/or activities, OSB may not require the agency to break out overhead costs as a separate administration activity.

IV. PASS THROUGH FUNDS

Pass through funds should be detailed as a separate and distinct agency activity. Each individual allocation and the corresponding funding amount should be itemized within the Expected Results section on the Excel template. Appropriate outcome/output measures associated with pass through allocations should be reflected in the Outcome Measures section of the template. **Funds that are allocated by the agency on a competitive grant basis should not be considered as pass through funds.**

V. SCHEDULE FOR SUBMISSION

Agencies should submit their activity inventories no later than August 8, 2008. Agency Activity Inventories may be returned to the agency if further information is needed and/or if agency activities have not been “broken-out” into sufficient levels of detail. Please remember that one of the objectives of this initiative is to identify and capture agency activities at a greater level of detail than can be found by looking at the Appropriation Act.

Separate and more specific instructions for completing each agency’s activity inventory based on an Excel template can be found at: <http://www.budget.sc.gov>. Look under “Agency Activity Inventory”. Last year’s activity inventory for each agency is also located on our homepage (click on “Current Agency Activity Inventory”).

Agencies should submit two (2) hard copies and an electronic version to the Office of State Budget, 1201 Main Street, Suite 870, Columbia, S.C. 29201 Attention: Karen Rhinehart. The electronic version should be submitted to Krhinehart@Budget.SC.gov

VI. ATTACHMENTS

- Excel Template Instructions
- FY 2008-09 Agency Total Funds and FTE’s (Control Sheet)
- Excel spreadsheet template with existing agency activities – to be provided in a separate E-mail.